

SITE INSPECTION ML 47288

Date: June 1, 2006

Time: 8:30 AM – 10: AM

Persons Present: William Stokes, SITLA

Lease #: O,G & H, ML 47288

DOGM # M/047/086

DOGM Reclamation Bond: \$18,600.00

Lands Inspected: N½ Section 2, T5S, R20E, SLB&M, Uintah County

The Notice of Intent to Commence Small Mining Operations submitted by Black Sands Holding Company to the Division of Oil, Gas and Mining identified only one drill hole to be developed on the lands encompassed by ML 47288. This hole was proposed to be drilled near the northeast corner of the NE¼NW¼ of Section 2. In the field two drill holes were observed both of which were drilled on lands not held by lease ML 47288. It is apparent that the drilling was done on the wrong land. Survey markers similar to other survey markers found at other Black Sands drilling locations were found near the drill hole sites. It is assumed that a survey was done to establish the location of the northwest corner of Section 2 as evidence by survey lath identified as "corner 288-7" which also gave a latitude and longitude. This survey marker lies north and west of the actual northwest corner monument for Section 2 that was found in the field. The observed drill holes lie southwest of the northwest corner of Section 2, in Section 3, and northwest of the northwest corner of Section 2, in Section 34. Both drill holes are covered with plywood which is then covered with drill cutting. The holes appeared to have been drilled using an 8 to 10 inch rotary-air drill rig as evidenced by the diameter of the hole and by the cuttings around the drill holes. There was no attempt to estimate the depth of these drill holes. GPS- UTM coordinates were taken for the drill hole locations identified in this report.

Approval of reclamation surety and approval to drill was issued by DOGM via letter dated May 31, 2006. The observed drill hole were completed prior to DOGM's approval. There are several captioned photographs accompanying this report showing various features observed during the site inspection.

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ML 47288, 6-1-06 Looking southeast from the northwest corner of Section 2. The section corner brass cap is just to the left of the wooden post.



ML 47288, 6-1-06 Looking east onto a drill hole which is located in Section 3, just south and west of the northwest corner of Section 2. UTM coordinates are: N 4475009.82, E 614382.56.



ML 47288, 6-1-30 Looking north from the drill hole depicted in the previous picture. Due north is toward the tree in the left of the picture. The northwest corner of Section 2 is shown on the right of this picture. This drill hole is clearly south and west of Section 2.



ML 47288, 6-1-06 Looking east to the northwest corner of Section 2 which is indicated by the post past and to the left of the tree. This drill hole is clearly west of Section 2. The UTM coordinates are: N 4475091.34, E 614339.39



ML 47288, 6-1-06 Looking north from the drill hole in the previous picture. In the distance and to the left of this location is a wood lath, painted red, on which is written "Corner 288-7, 40* 25.133N and 109*39.100". It is believed that the survey marker was placed where the surveyor believed the northwest corner of Section 2 should be.